

CHAPTER V. FINANCE

5.00 INTRODUCTION

The finance policies deal with the administration of the District's finances in accordance with all local, state and federal laws. The South Whidbey Parks and Recreation District will undergo 2-year financial audits with the State of Washington every two years.

5.01 ACCOUNTING

5.01.1 Fund Accounting. The District's accounting system is organized and operated on a fund basis. A fund is defined as an independent fiscal and accounting entity with a set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

5.01.2 Types of Funds. The following types of funds will be used in accounting for the District's financial operations: Maintenance & Operations, Capital, Debt Service, and Reserve. Project/Construction Funds may be established to support specific large capital project(s).

5.01.2.1 Maintenance & Operations Funds. The Maintenance and Operations Funds are the general operating fund of the Park District. It is used to account for all financial resources except those required, legally or by sound financial management, to be accounted for in another fund.

5.01.2.2 Capital Funds. Capital Funds are used to fund large projects or purchases and to finance capital equipment or property purchases or loans.

5.01.2.3 Debt Service Funds. The Debt Service Funds are used to account for the accumulation of resources such as excess levy tax receipts for the payment of general long-term debt principal, interest and related cost, such as bond debt obligations.

5.01.2.4 Reserve Funds. The goal of the Reserve Funds is two-fold. First is for a Levy Reserve to have sufficient funding in the case of a Maintenance and Operations Levy failure to continue to operate the District on a skeleton basis while running an additional levy. The District will strive to maintain the balance of the Levy Reserve Fund at a minimum level equal to 25% of the projected total operating expenses for the upcoming year. The second is for a Capital Reserve Fund. This account is for crisis situations with existing critical park infrastructure. 30% of available capital/cash at end of each year is a targeted threshold with a maximum capacity of \$250,000.

5.01.3 Beginning Cash. The goal of the Beginning Cash level is to have sufficient operational capital on hand to run the district from January 1st of each year until the major portion of the bi-annual levy payments are received from the county at the end of April. The District will strive to maintain a Beginning Cash level of 25% of the projected total operating expenses for the year.

5.01.4 Legal Compliance.

The District's accounting system must make it possible to show that all applicable legal provisions have been complied with, and to determine fairly and with full disclosure the financial position and results of financial operation of the District.

5.01.5 Conflicts between Accounting Principles and Legal Procedures.

If there is a conflict between legal provisions and generally accepted accounting principles applicable to governmental units, legal provisions must take precedence; however, the District's accounting system should make possible the full disclosure and fair presentation of financial position and operating results in accordance with generally accepted principles of accounting applicable to governmental units.

5.02 ANNUAL BUDGET

Adoption of budget and passage of annual appropriation resolution is required by November 30. The Board shall, before the first quarter of each fiscal year, adopt a combined annual budget and appropriation resolution, by which resolution the Board may appropriate such sum or sums of money as may be deemed necessary to defray all necessary expenses and liabilities of the District, and in such annual budget and appropriation resolution shall specify the objects and purposes for which such appropriations are made, and the account appropriated for each object or purpose.

5.02.1 Financial Forecasting

A. South Whidbey Parks & Recreation District shall develop and maintain annually a financial forecast for the General Fund (Maintenance & Operations and Reserves) that estimates fund resources and uses for a period of six (6) years beyond the current year. This forecast will be updated annually and provide South Whidbey Parks & Recreation District's decision makers with an indication of the long-term fiscal impact of current policies and budget decisions. This planning tool should recognize the effects of economic cycles, the demand for services and South Whidbey Parks & Recreation District's projected resources. It is the goal of South Whidbey Parks & Recreation District to achieve a strong financial condition with the ability to:

- Withstand local and regional economic conditions;
- Adjust efficiently to the changing service requirements within the District's boundaries; and
- Effectively maintain and improve South Whidbey Parks & Recreation District's infrastructure.

B. The forecast should differentiate between revenue associated with one-time economic activities and revenues derived as a result of economic growth. South Whidbey Parks & Recreation District's financial planning should ensure the continued delivery of needed services by assuring the availability of adequate and ongoing resources during economic downturns.

5.03 CASH/CREDIT CARD HANDLING POLICY

Strong internal controls for cash collection are necessary to prevent mishandling of district funds and are designed to safeguard and protect employees from inappropriate charges of mishandling funds by defining their responsibilities in the cash handling process. "Cash" is defined as coin, currency, checks, and credit card transactions.

SWPRD District will issue credit cards to Department Heads and the Director. The Board of Commissioners will approve the limits that these cards will carry. The Business Manager will function as the administrator of the credit card program.

Specific procedures for cash collection points should be written and implemented by district staff and should include the following:

1. Accounting for cash as it is received.
2. Checks to be endorsed promptly with a restrictive endorsement stamp
3. Adequate separation of duties, when possible, which includes cash collecting, depositing and reconciling.
4. Proper pre-numbered receipts given for any cash received, other than off site drop in programs.
5. Deposit of cash weekly at Whidbey Island Bank into the Island County bank account designated for SWPRD.
6. Reconciliation of validated deposit forms to supporting documentation and to the account statement.
7. Proper safeguarding of cash.

These procedures shall be reviewed and revised as needed by the District Director and the Business Manager.

Who Should Know About This Policy. The Director and any employees who are entrusted with the receipt, deposit and reconciliation of cash for any Park District related activities.

Credit Card refunds for programs require two approval signatures, including that of the Department Head in charge of the program and either the Business Manager or Director, and will follow the Refund Policy Procedures.

5.04 Authorized Signators

5.04.01 Check Signing

Vouchers for all checks issued by the district shall be prepared on a semi-monthly cycle by the Business Manager or his/her designee. Each voucher submittal must be signed off on by either the Parks and Recreation Director or the District Treasurer prior to submittal to the county for disbursement. All vouchers will be reviewed monthly and approved by the board of commissioners at the regular board meeting.

5.04.02 Contractual Obligations

The District may enter into contracts for services, and the purchase of goods and/or property. For a contract to be valid, it must be signed by the Parks and Recreation Executive Director, the District Treasurer, or the Board Chair.

5.05 FINANCIAL RECORDS

5.05.01 Retention of Records

The District follows all applicable laws with regards to the retention of financial records.

<https://www.sos.wa.gov/archives/recordsmanagement/records-retention-schedules-for-park-and-recreation-districts-and-service-areas.aspx>

at the Washington Secretary of State website for the current records retention schedule.

5.05.02 SBITA

I. DEFINITIONS

- a. SBITA – A SBITA is a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.
- b. TERM – The term is the period during which the District has a noncancelable right to use the underlying IT asset, including extensions that the District is reasonably certain to exercise.
- c. SERVICE COMPONENT – A service component is an amount of the SBITA payment paid for services to be provided by the vendor in support of the underlying IT asset being used (for example, IT support for the use of the underlying IT asset).
- d. COMMENCEMENT DATE – The date on which the initial implementation stage is completed and the District has obtained control of the right to use the underlying IT asset.
- e. SOFTWARE – programming code which is used by an underlying IT asset to perform a function other than to operate the underlying tangible capital asset.
 - i. Exclusions
 1. The Software component is insignificant when compared to the cost of the underlying tangible capital asset (a computer with operating software or a smart copier that is connected to an IT system). Basic universally used programs (that often come pre-installed) such as Microsoft Office are considered to be operating software and insignificant when compared to the underlying capital asset.
 2. IT Support services, such as Voice Over Internet Protocol (VOIP) phone services are considered to be a service rather than software.

II. GENERAL

a. Purpose

The purpose of this policy is to provide guidelines and procedures to ensure compliance with state and federal requirements surrounding SBITA's.

b. Scope

The following guidelines apply to subscription-based contracts to use vendor-provided information technology The BARS manual, which incorporates most of the Accounting Standards

Board Statement No. 96, requires accounting for and reporting SBITA activity on the District statement of net position.

III. RESPONSIBILITY FOR POLICY

It will be the Business Manager's or Director's responsibility to review and update this SBITA policy as needed on a regular basis. Review will include confirming compliance with all related state and federal laws and governmental accounting standards, and compatibility with other District policies. Periodic review shall be documented.

IV. SBITA CRITERIA AND APPROVAL

a. Approval of SBITA contracts by finance

All new SBITA's or SBITA term extensions should be reviewed by the Business Manager or Director before approval.

b. SBITA criteria

1. The initial term, extensions, and cancellation clauses should be clearly stated in the SBITA contract.
2. For the purpose of determining the term of the SBITA at inception for accounting purposes, the Business Manager and Director will make a judgment on whether the total term of the SBITA should include options to extend (extensions are more likely than not to be exercised by the District). This assessment shall be documented in writing or electronically. Factors to consider in the likeliness of exercising SBITA extensions are:
 - District specific (degree of changing needs, prior pattern of execution of extensions)
 - Market based (competitive pricing, budget and economy)
 - Contract based (economic incentives or penalties)
 - Underlying asset (obsolescence, aging of asset, new features available)
3. When a service component is part of a SBITA contract, the vendor shall provide the portion of the SBITA payments that pertains to services.

c. Extensions

For SBITA's with extension provisions, the decision authority to extend or terminate each SBITA will rest with the Business Manager or Director.

d. Procurement Standards

The Fiscal Manager will ensure each SBITA complies with procurement standards subject to state law and federal uniform grant guidance, if applicable.

V. ACCOUNTING FOR SBITAs

a. Schedule 1

- At the start of the subscription, the District will not report any inflows or outflows on the schedule 1. The District will record actual payments made to the SBITA on the schedule 1 using the prescribed BARS Code.
- If the SBITA includes additional fees or taxes, only include the portion of the payments related to the right to use the IT assets in the liability calculation.
- Short-term subscription payments should be coded to normal, functional BARS expenditure codes.

b. Schedule 09

- The District will report a subscription liability on the Schedule 09, measured at the future subscription payments.

c. Materiality

While the District does not report capital assets, it does have an established capital asset policy, per the Washington State Auditor's Office BARS Manual. Were the District a GAAP reporter, the offset to the SBITA liability would be a SBITA asset. While the District will not report such assets, the District will use the capital asset thresholds, established by policy, as the materiality threshold for SBITA liability.

SBITAs liabilities, which do not meet the capitalization thresholds are not subject to this policy, except as required by state law or federal grant uniform guidance. The Business Manager and Director have the authority to exercise judgment on materiality of SBITA liabilities to the financial statements. The dollar amount of the threshold for SBITA liabilities should be reevaluated each year, as any changes in debt or other payables would affect the materiality of SBITA liabilities.

5.06 FISCAL YEAR

The fiscal year of the District shall begin on the first day of January of each year and end on the last day of December of the same year.

5.07 PETTY CASH

In order to provide for the most accountable handling of the District petty cash fund the District Business Manager (OM) shall be responsible for the Petty Cash Fund and will be the primary person allowed to access the fund except as noted in the Park District's written Petty Cash Handling Procedures. If the Business Manager is out of the office, the Director may access Petty Cash for staff other than him/herself.

Petty Cash limit will be set at \$100.00 per transaction and must be approved by supervising Department Head. Staff are not allowed to deliberately split receipts to bypass this limit. Authorized purchases above \$100.00 will require a check reimbursement.

Petty Cash Handling Procedures which will be reviewed and revised as needed by the District Director and the Business Manager.

5.08 PURCHASING

All employees must follow established policies and procedures for procurement of equipment, materials, and services. Adherence to policies and procedures will ensure that public purchases and contracts are open, fair, and at the best value to the public.

Grants, State or Federal funding may have different requirements to be followed.

Purchases may not be broken into multiple projects or purchases to avoid compliance with state statutes and District policies.

The Vendor List is a list of businesses that will allow the District to set up a purchasing account with and/or does business with on a regular basis for small purchases or intermittent small services, which must follow the purchasing limitations listed in this Policy Manual. Only the Business Manager or his/her designee can set up these accounts and must be approved by a Department Head or Director. A receipt or invoice is required for every purchase made from the Vendor List and must be submitted to the Business Manager. Purchases must remain within the staff's purchase limits.

5.08.1 Procurement of Goods and Services

In the course of operation the District will need to acquire goods and services to accomplish the district mission. For the purpose of ensuring the appropriate purchasing standards are met, purchases will be divided into different categories; Procurement of Goods, Public Works Projects, and Contracting for Services. All District purchases are subject to authorization & quote/bid requirements as follows:

5.08.1.1 Procurement of Goods

Procurement of Goods involves any purchase of a specific tangible item not solely related to a public works project. **This refers to budgeted goods, all other purchases additionally require Director approval.** All materials and supplies necessary for the general operation of the district fall into this category. Any purchase of goods estimated to be in excess of \$50,000 shall be made by contract. **Lowest quote will always be used unless, at the Directors discretion, evidence is presented that would cause reasonable persons to believe it was not in the best interest of the District to go with the lowest quote.** All District purchases of goods are subject to authorization & quote/bid requirements as follows:

<\$250 : Staff approval

\$250-\$2,500: Department Heads Approval

\$2501-\$5000: Department Head and Business Manager Approval

\$5,001-\$15,000 : 3 Documented Verbal Quotes (if available), Director and Business Manager approval

\$15,001 - \$50,000 : 3 Written Quotes (if available), Director recommendation to Board/Board Awards

>\$50,000 - Competitive Sealed Bid or State/Cooperative purchase required, Director recommendation to Board/Board Awards

5.08.1.2 Public Works Projects

Budgeted public works projects (“...all work, construction, alteration, repair or improvement that is executed at the cost of the state or any other local public agency...”) including maintenance when South Whidbey Parks and Recreation District-Policy Manual-Current Version- Last Updated January 1, 2023.

performed by contract, are governed by chapter 39.12 RCW Prevailing Wages on Public Works requirements, regardless of contract amount. It is the responsibility of the contracting employee to notify the vendor of prevailing wage requirements and obtain compliance documentation prior to awarding any public works contract. Public works contracts will only be awarded to contractors who document compliance with the Washington State Prevailing Wage Law. The department head or designee managing the project is responsible for collecting compliance documents. Failure to follow prevailing wage laws will result in delayed or denied payment to the vendor. The District CANNOT pay for public works projects that are in violation of prevailing wage laws.

All services, materials and supplies necessary for the completion of a Public Works project will fall into this category. All District purchases for Public Works Projects are subject to authorization & quote/bid requirements as follows:

\$5,001-\$15,000 : 3 Documented Verbal Quotes (if available), Director and Business Manager approval
\$15,001 - \$50,000 : 3 Written Quotes (if available), Director recommendation to Board/Board Awards
>\$50,000 : Competitive Sealed Bid or Small Works Roster Required, Director Recommendation to Board/Board Awards

5.08.1.3 Contracting for Services

5.08.1.3a Architectural and Engineering Services With regard to contracting for Architectural and Engineering Services, the District will comply with the requirements of RCW 39.80-“Contracts for Architectural and Engineering Services” using the qualifications based selection (QBS) requirements. Any projects will be advertised using a consulting services roster such as the MRSC Consulting Services roster or through a Request for Qualifications (RFQ) that is publicly advertised.

5.08.1.3b Personal Services

Personal Services generally involves technical expertise provided by a consultant to accomplish a specific study, project, task or other work. **These can include CPA services, legal service, and payroll services.** **These** services exclude architectural and engineering services as specified in section 5.08.1.3a. All District purchases of Personal Services are subject to authorization & quote/bid requirements ****** as follows:

<\$5,000 - Director approval

\$5,001-\$15,000 : 3 Documented Verbal Quotes (if available)*, Director and Business Manager approval
\$15,001 - \$50,000 : 3 Written Quotes (if available)*, Director recommendation to Board/Board Awards
>\$50,000 : Competitive Sealed Bid or Small Works Roster Required, Director Recommendation to Board/Board Awards

***Upon initial award of Personal Services, if at the discretion of the District services received and work produced are of high quality, continued services as budgeted by the Board may proceed without competitive quotes.**

**** Contracted program instructors are exempt from quote/bid requirement.**

5.08.1.3c Purchased Services

Budgeted Purchased Services are those provided by vendors for routine, necessary and continuing functions of the District, mostly relating to physical activities, such as janitorial services. All District purchases of Personal Services are subject to authorization as follows:

\$250-\$2,500: Department Head Approval

\$2501-\$5000: Department Head and Business Manager Approval

\$5,001-\$15,000 : 3 Documented Verbal Quotes (if available)*, Director and Business Manager approval

\$15,001 - \$50,000 : 3 Written Quotes (if available)*, Director recommendation to Board/Board Awards

>\$50,001 - Competitive Sealed Bid or Small Works Roster Suggested, Director Recommendation to Board/Board Awards. Competitive bid only required if federal funds are used, or if it required by funding source.

*Upon initial award of Purchased Services, if at the discretion of the District services received and work produced are of high quality, continued services as budgeted by the Board may proceed without competitive quotes.

5.08.1.4 Emergency Purchases. In the event of an emergency the District Director may approve a purchase in excess of the listed amounts for goods and services and then provide the Board Chair with immediate verbal notification. A written finding of the existence of an emergency must be made to the board no later than two weeks following the award of the contract.

5.08.2 Small Works Roster/Consulting Services Roster- MRSC (RCW 35.22.620)

The purpose of the Small Works Roster and the Consulting Services Roster is to expedite the solicitation and award of bids on small public works projects by reducing the requirements for formal sealed bidding, advertising, and bid award. The Parks and Recreation District has contracted with the Municipal Research and Services Center of Washington (MRSC) to have their official rosters hosted in the online database for Parks and Recreation District use for small public works contracts and consulting services developed and maintained by MRSC.

5.08.3 Verbal Quotes

Purchases requiring verbal quotes must be documented by a properly completed verbal quote form. Items to be included in the form are the item being quoted for, company name, company contact person, phone number, date of the quote and the amount quoted. When necessary, internet quotes can be used to complete requirements.

5.08.4 Bids

In order to ensure that public purchases and contracts are open, fair, and at the best value to the public, specific procedures for bidding should be written and implemented by district staff. These procedures will be reviewed and revised as needed by the District Director and the Business Manager and shall include details on the following points:

1. Bid Authorization Request
2. Publication of Notice
3. Notice Contents
4. Bid Opening
5. Report on Bids

6. Bid Award
7. Rejection of Bids
8. Bid Bond Requirement (when applicable)

5.08.5 Sole Source Purchases

A “sole source” is characterized as meeting one or more of the following standards: (a) the District has conducted a screening process whereby it can justify purchase of a specific product; (b) the District requires legitimate specifications to which only one vendor can successfully respond; or (c) the product is available only through one manufacturer (or distributor) and the manufacturer so certifies. In any such case where the purchase exceeds \$5,000, the vendor shall certify that the District is getting the lowest price it offers anyone. Purchases in excess of \$5,000 from a sole source vendor require prior approval of the District Director or designee and must be signed by District Director or Designee.

5.08.6 Conflicts of Interest

The District will not accept donations of materials or services in return for a commitment to continue or initiate a purchasing agreement. No employee will participate in procurement when they are aware of a conflict of interest, or accept gifts or gratuities from existing or potential vendors in return for a commitment to continue or initiate a purchasing relationship. See RCW42.23.070 and chapter 42.23 RCW more generally.

5.08.7 Exemptions to competitive bidding requirements

RCW 39.04.280 provides uniform exemptions to competitive bidding requirements utilized by municipalities when awarding contracts for public works and contracts for purchases. **Purchasing of insurance or bonds is also exempt from competitive bid requirements.**

Competitive bidding requirements may be waived for:

5.08.7.1 Purchases that are clearly and legitimately limited to a single source of supply

If, after conducting a good faith review of available resources, the requesting employee determines that there is only one source of the required materials, supplies, or equipment, a purchase contract may be awarded without complying with established bid requirements. The requesting employee will submit a written request for sole source procurement to the District Director for approval, and conduct price, terms, and delivery negotiations, as appropriate. The vendor must certify in writing that the District is getting the lowest offered price.

5.08.7.2 Purchases involving special facilities or market conditions

The District Director may waive established bidding requirements if an opportunity arises to purchase favorably-priced equipment at an auction, or supplies or used goods that will be sold before the District can conduct the bid process.

5.08.7.3 Purchases in the event of an emergency

"Emergency" is defined as "...unforeseen circumstances beyond the control of the municipality that either: (a) Present a real, immediate threat to the proper performance of essential functions; or (b) will likely result in material loss or damage to property, bodily injury, or loss of life if immediate action is not

taken.” If an emergency situation has been declared, the District Director may waive competitive bidding requirements and the District may award all necessary contracts to purchase goods, materials, or services to address the emergency situation. Purchase order(s) must be properly documented as pertaining to an emergency as soon as possible following the event. If a contract is awarded without competitive bidding due to a declared emergency, the Board of Commissioners must adopt a resolution certifying the emergency situation existed no later than two weeks following the award of the contract.

5.08.8 Cooperative Purchasing (Piggybacking)

Under the Interlocal Cooperation Act (chapter [39.34](#) RCW), specifically RCW [39.34.080](#), the district is authorized to contract with another public agency to perform any function which each agency is authorized by law to perform. Under this statute, one public entity (e.g., the state, a city, a county, a special district such as a park and recreation district) could act as agent or contractor for one or more public entity/ies.

Under another section of the Interlocal Cooperation Act, RCW [39.34.030](#), cooperative action is authorized, including joint purchases, by different governmental entities. For the district to enter into an interlocal contract under RCW [39.34.030](#), there must be compliance with the purchasing statutes, including the bid law, applicable to each public entity that is an ultimate “purchaser” under the agreement.

Certain procedures are required for such purchases under RCW [39.34.030](#). Regarding the need to provide notice for bids, this requirement applies to purchases made cooperatively. However, RCW [39.34.030](#)(5) doesn’t require notice in each of the jurisdictions seeking to purchase under a cooperative agreement. Rather, the notice requirement can be satisfied for all the participating jurisdictions if the jurisdiction awarding the contract meets its own statutory requirements and either posts the bid or solicitation notice on a website established and maintained for the purpose of posting public notice of bid or proposal solicitations, or provides an access link on the state’s web portal to the notice.

The district may also use the authority granted in RCW [39.34.030](#) to make purchases through state contracts. See also RCW [39.26.050](#)(1). The district may make such purchases by signing a Master Contracts Usage Agreement (MCUA) with the Department of Enterprise Services. A Department of Enterprise Services’ webpage (<http://www.des.wa.gov/services/ContractingPurchasing/Purchasing/Pages/MasterContractsUsageAgreement.aspx>) provides information and instructions for entering a MCUA with the state and for making purchases with the state contract.

If the district decides to make a purchase under one of the listed contracts, the district is to notify the Department of Enterprise Services (DES) of its intent to do so, and the DES will send the district a copy of the particular contract. (Note that the district may also receive a list of contracts, contract history, current contract information, vendor registration packets, and other miscellaneous information by fax. The number to call for the Office of State Procurement Customer Service is (360) 902-7400. The contract will contain instructions on the procedures used to make purchases. Under most contracts, the district

will make the purchase directly from the vendor. In some cases, such as the purchase of motor vehicles, the DES requires the purchase to be made through its office.

5.09 Assets Policy

The following policies and procedures document capital and small and attractive assets system designed to ensure controls **over larger items** and items that might not be noticed immediately after their disappearance. The intent of this policy is to obtain accountability over items-

5.09.1 Capital Asset Policy

1. The District will maintain its capital assets at a level adequate to protect the District's capital investment and to minimize future maintenance and replacement costs. The budget will provide for adequate maintenance and orderly replacement of capital assets from current revenues where possible.
2. Capital assets are assets with an individual cost of more than **\$5,000** and an estimated useful life in excess of two years. Capital assets and inventory are recorded as capital expenditures when purchased.
3. The Business Manager will coordinate an annual physical count/inspection of all capital assets.
4. Adequate insurance will be maintained on all capital assets consistent with the results of the annual physical count/inspection.

5.09.2 Small and Attractive Asset Policy

5.09.2.a Purpose

A small and attractive assets system gathers information allowing investigation of items missing that would otherwise not be noticed. The system should provide adequate stewardship over its resources through control and accountability.

5.09.2.b Policy

It is the policy of the District to maintain accountability over all tangible items that may have the likelihood of disappearing without being noticed. The Business Manager shall maintain the Small and Attractive Assets Listing to be verified by a physical inventory at least once a year and provide such list to the Executive Director for monitoring differences during the year.

5.09.2.c General

A small and attractive item is an item that is priced above \$500 but under the **\$5,000** criteria for fixed assets and has a life expectancy of more than one year. This item also is not likely to be missed immediately upon disappearance and could be replaced without suspicion. Examples include, but are not limited to: computers, laptops, lawn mowers, chain saws, shop tools, etc. This would not include

more permanent fixtures such as desks, tables and shelving and specifically excludes small tools and minor equipment, such as shovels, hand tools, supplies, etc., under \$500.

5.09.2.d Responsibility of Department Heads

The Business Manager will prepare a list at least annually of the small and attractive items for distribution and review. The department head along with the Executive Director will conduct an inventory count, typically in January of each year. The department head will need to review, update, delete, and add new items to the list within 30 days of distribution. If an item is deleted, the department head will note the reason and/or means of disposal. If there is any variance between the actual counts and inventory, the Business Manager will be notified and will update the Small and Attractive Assets Listing accordingly. The Executive Director will then review the updated Small and Attractive Assets Listing with all variances noted.

5.09.2.e Asset Identification

The list will contain the serial, model, or other identifying information as identified in the spreadsheet. Whenever feasible, each piece of property will be engraved or marked with the tag number listed on the Small and Attractive Assets Listing if a serial number is not available. Such markings will be removed or obliterated only when the item is sold, scrapped, cannibalized, or otherwise disposed of.

5.09.3 Procedures

5.09.3.a Additions

Each department head of the District may acquire and receive property via purchase, construction, donation, or lease. Regardless of how it is acquired, when the property is received, the department purchasing the item will notify the Business Manager who will then add the item to the Small and Attractive Assets Listing.

5.09.3.b Deletions

Items previously acquired will eventually be disposed of and need to be deleted from the Small and Attractive Assets Listing. Deletion may be required due to a sale or trade-in of the asset, damaged or broken, mysterious disappearance (lost or stolen), or involuntary conversion (fire, flood, etc.).

The department head controlling the item is the only one in position to trigger removal from their list. Items disappearing mysteriously may require additional reports to the police department, Executive Director, State Auditor and insurance company. Deletions brought about as a result of natural disasters would require reporting to the insurance company for an eventual reimbursement claim.

5.09.3.c Transfers

Occasional transfers of property between departments will occur. The original controlling department is accountable for all items and for informing the Business Manager of the transfer of property.

5.09.3.d Lost or Stolen Assets

Whenever an item has mysteriously disappeared and all efforts have failed to recover it, the controlling department shall notify the Business Manager, who will notify the Executive Director, and update the Small and Attractive Assets Listing accordingly. The Business Manager will also report the loss to the State Auditor's Office, if required.

5.09.3.e Sale and Disposal of Assets

The sale and disposal of all District assets regardless of purchase price will be reported to the Executive Director before such sale or disposal and the District Board will be notified as needed.

5.09.4 Maintenance and Replacement Schedule

A multi-year maintenance and replacement schedule will be maintained by the Executive Director and based upon the District's projections of its future replacement and maintenance needs and funds. The projections will be updated and the schedule revised on an annual basis. The budget will provide sufficient levels of maintenance and replacement funding to ensure that all capital facilities and equipment are properly maintained and that such future costs will be minimized.

5.10 Post Issuance Compliance

Post Issuance Compliance Policy addresses the South Whidbey Parks and Recreation District, Island County, Washington's (the "District") compliance with federal tax, federal securities and state law requirements and contractual obligations applicable to the District's tax advantaged governmental bond issues. The policy applies generally to all of the District's tax exempt governmental bonds, and other bonds subject to comparable requirements, such as taxable direct-pay bonds. As used in this policy, references to "bonds" include bonds, lines of credit, bond anticipation notes, and equipment and other financing leases.

5.10.1 For Federal Securities

This policy and procedure is intended to guide the South Whidbey Parks and Recreation District, Island County, Washington (the "District") in meeting its obligations under applicable statutes, regulations and documentation associated with publicly offered and privately placed bonds and other securities of the District. These obligations may arise as a result of securities laws or as a result of contractual commitments made by the District. This policy should be read together with other District policies and procedures relating to its debt obligations and (with respect to tax-exempt securities) a separate District policy relating to requirements of federal tax law. This policy outlines obligations that may be applicable to each issue of securities and identifies the party responsible for monitoring compliance. In the District, the Executive Director (the "Director"), or such officer's designee, will be responsible for ensuring that the policy is followed and that a compliance checklist and records are maintained.

5.10.1.a Scope and Purpose

This policy and procedure is intended to establish a framework for compliance by the District with its disclosure and/or contractual obligations with respect to bonds, notes, and other securities it issues or that are issued on its behalf (as defined herein, the "securities"), pursuant to

the requirements of federal and state securities laws and other applicable rules, regulations, and orders. This section applies generally to all of the District's bonds (regardless of their tax status) and other debt issued on the District's behalf subject to comparable requirements. The purpose of this policy is to: facilitate compliance with applicable law and existing ongoing disclosure undertakings when preparing and distributing initial and ongoing disclosure documents, to reduce exposure (of the District and its officials and employees) to liability for damages and enforcement actions based on material misstatements and omissions in such documents, and to promote good investor relations.

5.10.1.b The Anti-Fraud Rules

It is the policy of the District to comply fully with applicable securities laws regarding disclosure in connection with the issuance of securities and with the terms of its continuing disclosure agreements, including the Anti-Fraud Rules. The "Anti-Fraud Rules" refer to Section 17 of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934, particularly Rule 10b-5 under the Securities Exchange Act of 1934, and regulations adopted by the Securities and Exchange Commission (the "SEC") under those Acts.¹

The Anti-Fraud Rules require all material information relating to the offered securities to be provided to potential investors in connection with the sale or issuance of securities. The information provided to investors must not contain any material misstatements, and the District must not omit material information which would be necessary to provide to investors a materially complete description of the securities and the District's financial condition. In the context of securities laws, a fact is considered to be material if there is a substantial likelihood that a reasonable investor would consider it to be important, in the total mix of information made available to investors, in determining whether or not to purchase the securities being offered.

The Anti-Fraud Rules apply to all statements and other communications that are intended (or reasonably can be expected) to be accessible to and relied upon by investors in the District's securities. Such communications include: Preliminary and final Official Statements (the offering documents used in connection with the sale of securities), filings made on EMMA (including filings made pursuant to continuing disclosure undertakings and voluntary postings), and may include, depending on the context, information uploaded or linked or posted to the website of the District, and press releases and other formal and/or public statements of the District.

5.10.1.c Guidelines for Preparing Disclosure Documents

1. All District staff members and officials involved in the preparation or review of disclosure documents or other investor communications are responsible for being familiar with the Anti-Fraud Rules. Violations of the Anti-Fraud Rules may be punishable by civil or criminal

¹ For example, the Anti-Fraud Rules provide that "It shall be unlawful for any person, directly or indirectly, ...

(a) To employ any device, scheme, or artifice to defraud,

(b) To make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, or

(c) To engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person,

in connection with the purchase or sale of any security."

penalties against the District and the individual staff members and officials responsible for the violations.

2. Staff members and officials involved in the preparation or review of disclosure documents and other investor communications are instructed to err on the side of raising issues when preparing or reviewing such documents and communications. Officials and staff are encouraged to consult with the District's bond counsel and/or disclosure counsel, if any, and/or the District's municipal advisor, if any, if there are questions regarding whether an issue is material. Any concerns regarding the accuracy of a disclosure document or other investor communication should be immediately reported to the District's bond counsel and/or disclosure counsel, if any.

3. The officers and employees charged by this policy with performing or refraining from any action may depart from this policy when they in good faith determine that such departure is in the best interests of the District and consistent with the duties of the District under the Anti-Fraud Rules. The Director is encouraged to first consult with bond counsel, disclosure counsel and/or other legal counsel to the District prior to any such departure.

4. Prior to the public release of any disclosure document or communication to be posted on EMMA, the Director or designee shall complete a final review of the material, consisting of comparing and resolving any material discrepancies between the District's audited (and unaudited, if needed) financial statements and other source materials, and cover-to-cover review of the communication.

5.10.1.d Preliminary and Final Official Statements

For the purpose of satisfying the underwriter's compliance with SEC Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the "Rule"), the Director (and/or any other official designated by the Board of Commissioners of the District (the "Board"), if any) shall be responsible for "deeming final" the Preliminary Official Statement as of its date, except for the omission of information as to offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, maturity dates, delivery dates, and other terms of the securities dependent on such matters or permitted under the Rule to be omitted.

Prior to release of a final Official Statement, the Director or designee shall be responsible for reviewing and approving the document. Such officer's approval may be documented in the form of the signed closing certificate. In connection with the closing of the transaction, the Director (and any other official designated by the Board, if any) will execute a certificate under the Anti-Fraud Rules stating that the Preliminary and final Official Statements, as of their respective dates and as of the dates of pricing and closing, as applicable, do not contain any untrue statement of material fact or omit to state any material fact necessary to make the statements contained therein not misleading in light of the circumstances under which they were made.

5.10.1.e Ongoing Disclosure

Under the provisions of the Rule, underwriters are required to obtain an agreement for ongoing disclosure in connection with the public offering of securities. The transcript for each issue subject to the Rule (i.e., all publicly sold securities) will include an undertaking by the District to comply with the Rule. The Director or designee will be responsible for, and monitor compliance by the District with, its undertakings. These undertakings may include the requirement for an annual filing of operating and financial information and will include a requirement to file notices of certain "listed events."

1. *Annual Filings.* The District shall file, on a timely basis, its audited financial statements and any operating data as required under its continuing disclosure agreements. If audited financial information is not available by the filing date, unaudited information must be filed, and the audited information must be filed as soon as it is available. Further, the Director is responsible for providing, in a timely manner, notice of any failure to provide required annual financial information, on or before the date specified in the applicable continuing disclosure agreement.

Prior to posting an annual filing, the Director will complete a final review, consisting of comparing and noting material discrepancies with source materials and compliance with the Anti-Fraud Rules. Each continuing disclosure filing shall be sent to the Director or other authorized officer for approval prior to posting on EMMA. The Director must exercise reasonable care to file the annual filings in word-searchable PDF format and with the identifying information required by the Continuing Disclosure Agreements, including applicable CUSIP numbers for the securities. The Director shall enroll on the EMMA website to receive annual email reminders of annual filing deadlines.

2. *Listed Events.*

(a) *When Notice is Required.* Notice of certain listed events must be filed in a timely manner not more than *ten (10) business days* after the occurrence of the event. As of the date of this policy, the listed events include the following:

- (1) Principal and interest payment delinquencies
- (2) Non-payment related defaults, *if material*
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties
- (5) Substitution of credit or liquidity providers, or their failure to perform
- (6) Adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the bonds, or other material events affecting the tax status of the bonds
- (7) Modifications to the rights of bondholders, *if material*
- (8) Bond calls, if material, and tender offers
- (9) Defeasances
- (10) Release, substitution, or sale of property securing repayment of the securities, *if material*
- (11) Rating changes (both upgrades and downgrades)
- (12) Bankruptcy, insolvency, receivership or similar event of the District
- (13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, *if material*
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, *if material*
- (15) Incurrence of a Financial Obligation (as defined below) of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect Security holders, *if material*; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

(b) *Definition of "Financial Obligation."* "Financial Obligation" is defined in the Rule to mean a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of clause (A) or (B) of this definition. The term "Financial Obligation" does not include

municipal securities as to which a final Official Statement has been provided consistent with the Rule.

(c) *Inventory of Financial Obligations.* To facilitate compliance with the notice requirement for the listed events, the Director will maintain an inventory of all Financial Obligations of the District. The Director will review each Financial Obligation (with the assistance of disclosure counsel and/or bond counsel as needed) to determine whether it is material and subject to reporting under the District's continuing disclosure agreements. The Director will periodically review the Rule's definition of Financial Obligation and the inventory of existing Financial Obligations with the appropriate District officers and employees. If there is a foreseeable possibility of any default, event of acceleration, termination event, modification of terms or other similar event is reasonably possible occur, the Director will be informed.

5.10.1.f Other Investor Communications

The Anti-Fraud Rules apply to all investor communications. Such investor communications may include, but are not limited to, voluntary filings made on EMMA, information on the District's website (such as on an investor relations webpage), communications with investors (or potential investors), press releases and other formal statements of the District that are intended to reach investors. The Director and other officers of the District shall exercise reasonable care to make sure that the information in investor communications is materially accurate and complete and otherwise in compliance with this policy.

5.10.1.g Document Retention

The following documents are to be maintained in connection with each security. The goal is to retain adequate records to substantiate compliance with the Anti-Fraud Rules. Unless otherwise specified, the following records are to be maintained.

1. Complete bond transcript.
2. A written record of any Financial Obligation or the occurrence of other notice event that is determined to be immaterial or not reflecting financial difficulty and thus not requiring disclosure, and the facts and circumstances used to reach such conclusion.
3. Documentation of the actions taken to prepare, check, review and approve each investor communication made pursuant to these procedures, including the sources of the information included.
4. Electronic copies of confirmations from EMMA of all continuing disclosure filings.
5. Copies of any filings or correspondence with the SEC or other regulatory body.

5.10.1.h Training

The District will provide opportunities for training to the Director, department managers/directors, elected officials and other individuals responsible for complying with this policy, as needed, specifically including the following training opportunities: at or after bond closing, a conference call or meeting with bond counsel to review the requirements applicable to a new bond issue; participation in in-house

training sessions, CPE seminars, or seminars/webinars conducted by professional organizations (e.g., GFOA, WPTA, WFOA); and training will be provided as necessary to address any changes i

5.10.2 Federal Tax Law

This policy and procedure is intended to guide the South Whidbey Parks and Recreation District, Island County, Washington (the “District”) in meeting its obligations under applicable statutes, regulations and documentation associated with tax-exempt bonds and other tax-advantaged obligations. This policy should be read together with other District policies and procedures relating to its debt obligations and a separate District policy relating to the requirements of federal securities laws. This policy outlines obligations that may be applicable to each issue of tax-exempt or tax-advantaged bonds and identifies the party to be responsible for monitoring compliance. In the District, the Executive Director (the “Director”), or such officer’s designee, will be responsible for ensuring that the policy is followed and that compliance checklists and records are maintained.

5.10.2.a Scope and Purpose

This policy and procedure applies to all of the District’s tax-exempt and tax-advantaged governmental bonds, and other bonds subject to comparable requirements. As used in this policy, references to “bonds” include bonds, lines of credit, bond anticipation notes, and equipment and other financing leases. This policy and procedure is intended to improve the District’s ability to: prevent violations in bond requirements from occurring; timely identify potential violations; and correct identified violations through appropriate remedial steps.

5.10.2.b Transcripts

1. For each bond issue, the District will receive a full transcript, including a full record of the proceedings related to the issuance of the bonds. For tax-exempt and tax-advantaged bonds, the transcript will include proof of filing an IRS Form 8038-G or 8038-GC and a tax certificate (the “Tax Certificate”) with respect to the bonds.
2. Bond transcripts will be retained in the following location within the District: the Director’s Office.
3. Additional records to be retained by the District are listed in Section H below.

5.10.2.c Use of Bond Proceeds

Monitoring the expenditure of bond proceeds is necessary to assure that the required amount of bond proceeds are expended for capital expenditures and that not more than 10% of the bond proceeds are expended for projects that will be used in a private trade or business (including by the federal government and nonprofit entities).

1. If the project(s) to be financed with the proceeds of the bonds will be funded with multiple sources of funds, the District will adopt an accounting methodology that:
 - (a) maintains each source of funding separately and monitors the actual expenditure of bond proceeds;

- (b) commingles the proceeds and monitors the expenditures on a first in, first out basis; or
 - (c) provides for the expenditure of funds received from multiple sources on a proportionate basis.
2. Records of expenditures (timing of expenditure and object code) of the proceeds of bonds will be maintained by the Director.
 3. If the project involves bond proceeds and other sources of funds and includes both governmental and nongovernmental use of the financed facilities, the Director in consultation with the project manager or other authorized District official will undertake a final reconciliation of bond proceeds expenditures and expenditures of other funds with project costs no later than 18 months after the later of the date of expenditure or the date that the project is placed in service (but in no event more than five years after the date of issue).
 4. Any change in the scope of the project financed with bond proceeds should be reviewed and documented.
 5. Any delay in the project and the expected spending of bond proceeds should be discussed with bond counsel and documented.
 6. Records of investments and interest earnings on the bond proceeds will be maintained by the Director. Such records should include the amount of each investment, the date each investment is made, the date each investment matures and if sold prior to maturity, its sale date, and its interest rate and/or yield. Interest earnings on bonds are considered proceeds of the issue. Interest earnings on proceeds will be deposited in the fund in which the bond proceeds were deposited (if not, then the plan for use of interest earnings will be discussed with the District's bond counsel).
 7. Records of interest earnings on reserve funds for the bonds will be maintained by the Director.
 8. If at the completion of the project there are unspent bond proceeds, the Director, conferring with bond counsel, will direct application of the excess proceeds for permitted uses under federal tax law, state law, and bond authorization documents.

5.10.2.d Arbitrage Rebates

In general, bond proceeds and certain other funds can only be invested at a rate that exceeds the yield on the bonds under limited circumstances. Furthermore, amounts earned by investing above the bond yield must be rebated to the IRS, unless the District qualifies as a small issuer or a spending exception is met. The arbitrage and rebate requirements for each bond issue are detailed in the Tax Certificate executed in connection with the applicable bond issue. The Director will monitor compliance with the arbitrage rebate obligations of the District for each bond issue.

1. *Funds to Monitor.* The Director will monitor the following funds in connection with each bond issue: bond or debt service funds/accounts; project or construction funds/accounts; any refunding accounts; debt service funds/accounts; any other accounts with bond proceeds; and any other accounts holding amounts pledged to pay bonds.

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2. *Review.* The Director will monitor rebate compliance for each issue of tax-exempt governmental obligations issued during that calendar year.

(a) During construction, the Director is to monitor expenditures to confirm satisfaction of expected exceptions to rebate (described below in Subsection 3).

(b) The first rebate payment is due five years after date of issue of the bonds plus 60 days.

(c) Rebate is due every succeeding five years, if there are unspent gross proceeds of the bonds.

(d) Final rebate payment is due 60 days after early redemption or retirement of the bonds.

3. *Rebate Exceptions.* The Director will review the Tax Certificate in the transcript in order to determine whether the District is expected to comply with a spending exception that would permit the District to avoid having to pay arbitrage rebate. If the Tax Certificate identifies this spending exception, then the Director will monitor the records of expenditures to determine whether the District met the spending exception (and thereby avoid having to pay any arbitrage rebate to the federal government).

4. *Rebate Consultant.* The Director may select and retain the services of a rebate consultant if determined to be necessary and in the best interest of the District in order to calculate any potential arbitrage rebate liability. The rebate consultant may be selected no later than the completion of the project to be financed with the proceeds of the issue. A rebate consultant may be selected on an issue by issue basis or for all bonds issued by the District. The selected rebate consultant shall provide a written report to the District with respect to the issue and with respect to any arbitrage rebate owed if any.

Based on the report of the rebate consultant, the District will file reports with and make any required payments to the Internal Revenue Service, no later than the fifth anniversary of the date of each issue (plus 60 days), and every five years thereafter, with the final installment due no later than 60 days following the retirement of the last obligation of the issue.

5. *Yield Reduction Payments.* If the District fails to expend all amounts required to be spent as of the close of any temporary period specified in the Tax Certificate (generally three years for proceeds of a new money issue and 13 months for amounts held in a debt service fund), the District will consult with bond counsel to determine and pay any required yield reduction payment.

5.10.2.e Use of the Facilities Financed with Bond Proceeds

In order to maintain tax-exemption of bonds issued on a tax-exempt or tax-advantaged basis, the financed facilities (projects) are required to be used for governmental purposes during the life of the issue. The IRS Treasury Regulations prohibit private business use (use by private parties (including nonprofit organizations and the federal government)) of tax-exempt financed facilities beyond permitted *de minimis* amounts unless cured by a prescribed remedial action. The Director will monitor and maintain records regarding any private use of the projects financed with such bond proceeds.

1. Private use may arise as a result of:

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- (a) Sale of all or a portion of the facilities;
- (b) Lease of all or a portion of the facilities, including leases, easements or use arrangements for areas outside the four walls (e.g., hosting of cell phone towers);
- (c) Management contracts in which the District authorizes a third party to operate a facility (e.g., cafeteria or parking operator), except for qualified management contracts under IRS Rev. Proc. 2017-13 or any successor guidance;
- (d) Preference arrangements in which the District grants a third party preference of the facilities (e.g., preference parking in a public parking lot); and
- (e) Entering into contracts giving “special legal entitlement” to the facility (e.g., selling advertising space or naming rights).

2. All leases and other contracts involving use or management of bond-financed property will be sent prior to execution to the Director for review. The Director will confer with personnel responsible for bond financed projects at least annually to discuss any existing or planned use of bond-financed or refinanced facilities. Private use for each bond-financed project will be calculated annually.

3. If the Director or designee identifies private use of tax-exempt debt financed facilities, the Director or designee will consult with the District’s bond counsel to determine whether private use will adversely affect the tax-exempt status of the issue and if so, what remedial action is appropriate. The private use may be allocated to those facilities (or portions of facilities) that were funded from sources other than bond proceeds. If noncompliance will be remediated under existing remedial action provisions or tax-exempt bond closing agreement programs contained in the regulations or other published guidance from the IRS, the Director or designee will determine the deadline for taking action and proceed with diligence to take the required remedial actions. If remedial actions are unavailable, the Director or designee will determine whether to make a submission to the Tax-Exempt Bonds Voluntary Closing Agreement Program (“VCAP”) under Internal Revenue Manual 7.2.3.

5.10.2.f Refunding

For refunding escrows, the District will confirm that any scheduled purchases of State and Local Government Series (“SLGS”) or open market securities are made as scheduled. On the redemption date, the Director will confirm that the refunded bonds have been redeemed and cancelled. Promptly following the redemption date, the Director will confirm that all proceeds of the bonds and all proceeds of the refunded bonds have been spent, and verify that excess proceeds, if any, of the bonds do not exceed an amount permitted by IRS regulations.

Any final rebate payment is due 60 days after early redemption or retirement of the refunded bonds.

5.10.2.g Reissuance

A significant modification of the bond documents may result in bonds being deemed refunded

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or “reissued.” Such an event will require, among other things, the filing of new information returns with the federal government and the execution of a new Tax Certificate. The District shall consult with bond counsel in the event of modification of the bond documents.

5.10.2.a Records Retention

1. Records with respect to matters described in this Section H will be retained by the District for the life of the bond issue (and any issue that refunds the bond issue) and for a period of three years thereafter.
2. Records to be retained:
 - (a) The transcript;
 - (b) Arbitrage rebate reports prepared by the District or by outside consultants;
 - (c) Work papers that were provided to the rebate consultants;
 - (d) Records necessary to document the allocation of bond proceeds and other sources of funds to particular projects or portions of projects;
 - (e) Records of expenditures and investment receipts (showing timing of expenditure and the object code of the expenditure and in the case of investment, timing of receipt of interest earnings). (Maintenance of underlying invoices should not be required provided the records include the date of the expenditure, payee name, payment amount and object code; however, if those documents are maintained as a matter of policy in electronic form, then the District should continue to maintain those records in accordance with this policy);
 - (f) Copies of all certificates and returns filed with the IRS (e.g., for payment of arbitrage rebate);
 - (g) Records documenting the final allocation of bond proceeds to projects, including any reallocations of bond proceeds, in a format showing the timing and substance of the reallocation, if applicable;
 - (h) Copies of all contracts relating to the use of the bond-financed facility including leases, concession agreements, management agreements and other agreements that give usage rights or legal entitlements with respect to the facility to nongovernmental persons (e.g., advertising displays, cell tower leases, and naming rights agreements; and
 - (i) Copies of all records noting compliance with these policies.

5.10.2.i Training

The District will provide opportunities for training to the Director, department managers/directors, elected officials and other individuals responsible for complying with this policy, as needed, specifically including the following training opportunities: at or after bond closing, a conference call or meeting with bond counsel to review the requirements applicable to a new bond issue;

participation in in-house training sessions, CPE seminars, or seminars/webinars conducted by professional organizations (e.g., GFOA, WPTA, WFOA); and training will be provided as necessary to address any changes in federal tax laws or this policy.

5.10.3 Officials or employees responsible for review. The Executive Director is responsible for ensuring that compliance with the District's post-issuance obligations occurs. He/She is to institute a calendaring system to track compliance with tasks in a timely manner.

- Federal tax requirements, including arbitrage, use of proceeds, use of facilities and IRS filings:
 - Arbitrage, IRS Filings:
 - Use of Proceeds:
 - Use of Facilities:
- Continuing disclosure requirements (if any):
 - Annual Filing:
 - Listed Event Notices:
- Prior to filing each annual filing or listed event notice, the Director is to circulate the draft filing or notice to bond counsel or to the District Attorney for review.
- The Director is responsible for reviewing the other requirements under this policy.

The Director is responsible for reviewing the transcript for the bonds, and in particular the authorizing documents and the federal tax certificate, as well as invoices and other expenditure records to monitor that the bond proceeds are spent on authorized project costs.

If, at the completion of the project, there are unspent bond proceeds, the Director, conferring with bond counsel, will direct application of the excess proceeds for permitted uses under federal tax law, state law, and bond authorization documents.

The Director may need to confer, from time to time, with the District's bond counsel, and/or financial advisor (if any), to confirm the applicability and scope of the requirements outlined in this policy. For reference, the contact information for these advisors is provided below:

- Pacifica Law Group LLP, as bond counsel
 - Deanna Gregory at 206-245-1716 or
Deanna.gregory@pacificallawgroup.com,

5.11 Grant Application and Acceptance Policy

Purpose of this policy is to ensure that grant opportunities (\$50,000 and above) have support of the Board before grant application is submitted and to clarify grant acceptance procedures once the grant has been awarded. Additionally, the Director will confirm the bandwidth of staff to implement the grant and the financial ability to front any required funds.

The Director or presenting Board member shall brief the board on the grant opportunity as part of the Regular Board meeting. Unless otherwise directed by the Board, permission shall be granted to make the application. In instances where the deadline for the grant application does not allow this vetting with the Board, the Director, in agreement with the Board Chair and Treasurer can approve moving forward with the application and the Director will report this at the following Board meeting. The Board will complete any necessary resolutions or requirements as needed.

.CHAPTER VI. Parks

6.00 INTRODUCTION

The parks policies deal with the administration of the District's park properties in accordance with all local, state and federal laws.

6.01 Spray Policy

South Whidbey Parks & Recreation District strives to be responsible stewards of public lands. As such, the District's philosophy regarding the management of unwanted vegetation and pests is to use an integrated measures approach to control. Integrated measures shall include the following:

- a) Focus on plant health care (including but not limited to watering, fertilization, topdressing, aeration) to foster healthy environments, thus reducing the need for corrective measures.
- b) Manual reduction / removal, including but not limited to weed eating, mowing, dragging, and pulling by hand.
- c) Use of the least toxic, lowest risk chemical agents, registered with the Washington State Department of Agriculture, which are appropriate for the circumstance.

6.01.01 Herbicide/Pesticide Spray Procedures. The current philosophy regarding the use of pesticides and herbicides is to use as little as necessary, as infrequently as possible.

Appropriate record keeping, including log book entries of chemical agent usage, will be kept current and up to date.

When the use of pesticides or herbicides is deemed necessary for control of unwanted vegetation and pests, the District shall:

6.01.01a Spot Spraying. Spot spraying includes hand held or pump spray canister apparatus for use on a specific spot.

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Staff will strive to spray, if at all possible, when no members of the public are in the general area.

Application will be timed to fall at times of the year or day when facility use is low, whenever possible.

If necessary, the spot shall be posted closed and coned off with a spray notification sign including the time of application, product name, and office contact phone number for additional information.

6.02 Long Term Signage Policy for Outside Groups

All signs posted on District property require the permission of the District prior to their placement. South Whidbey Parks & Recreation District hereby authorizes and approves the following Signage Policy applicable to any long term signs requested by any outside group.

6.02.01 Long Term Sign. A long term sign is any sign requesting a placement on District Property for a term longer than one year. Long term signs for outside groups must be related to a specific donation, group or activity on Park District property, be aligned with the Park District mission and guiding principles, and be approved by a majority vote of the Board of Commissioners. The initial application for consideration should be submitted to the SWPRD Director for review of required contents prior to inclusion on a board meeting agenda.

All long term signage requests are subject to all applicable county and state regulations that may apply. Approval by the Board of Commissioners is merely the first step in the process.

6.02.03 Application Requirements. Petitioners for the placement of a long term sign are required to provide the following in their request for long term signage placement:

Design- All signs must be professionally designed and illustrations of sign design must be provided to the Board of Commissioners for review, including samples of signage materials.

Dimensions- All designs must show scale and all applications must provide either a mock-up of the actual sign in size and scope or proposed dimensions of the sign.

Placement- Final long term sign placement decisions are at the discretion of the Board of commissioners, requests for placement locations should be included and will be considered. If sign is proposed in an un-landscaped area, plans must include landscaping at the cost of the requestor.

Term-Signs requested under this policy may be placed for a minimum of a one year term up to a term for the life of the sign. The life of the sign is determined by the district in its sole discretion.

Installation- The entire cost for sign installation is the responsibility of the requestor. Any district resources used in the process will be billed. If sign is placed in an existing landscaped area, landscaping must be returned to its pre-installation condition as part of the installation process. If sign is proposed in an un-landscaped area, plans must include landscaping at the cost of the requestor.

6.02.04 Maintenance and Upkeep. The district assumes no responsibility for the maintenance and upkeep of any sign placed under the auspices of this policy. If in the opinion of the district, a sign placed

under this policy has fallen into disrepair, an attempt will be made to notify the requestor or organization responsible. If no action to correct the situation is taken or the requestor or organization responsible cannot be located within 60 days, the district may take down the sign and a new request process may be required to replace it.

6.02.05 Signage placed at own risk. All signage is placed at the sole risk of the specific requestor and SWPRD will not reimburse said requestor for any damage to their signage nor any damage caused by their signage regardless of circumstances. All requestors applying for a signage permit will be required to sign documentation indemnifying SWPRD from any responsibility for the signage as part of the application for permit process prior to the placement of any signage.

6.03 Temporary Signage Policy for Outside Groups

All signs posted on District property require the permission of the District prior to their placement. South Whidbey Parks & Recreation District hereby authorizes and approves the following Signage Policy applicable to non-profit groups, civic organizations and youth sports leagues, if such entities are authorized to use District facilities by a permit issued by the District. This policy applies to signs larger than 11"x17".

6.03.01 Sign Permit. All signs placed on District property require the requesting organization to obtain a permit in advance of the proposed installation. Permits are available on the District website – www.swparks.org, or from the District office – 5475 Maxwellton Road, Langley.

6.03.02 Types of Signage. Non-profit groups, civic organizations and athletic leagues are allowed, with prior approval from a District Department Head or Director, to place signs or banners that inform the community of one-time or limited duration events taking place at the District, including, but not limited to, registrations, tournaments, fundraisers, clinics, and workshops.

Athletic leagues are allowed to display banners that feature sponsors or inform the community of one-time or limited duration events taking place at the District, including, but not limited to, registrations, tournaments, fundraisers, clinics, and workshops. Where appropriate, banners must be equipped with wind slits.

6.03.03 Location. Athletic leagues are allowed, with prior approval from a District Department Head or Director, to place sponsorship banners at the following locations:

- Sports Complex – chain link fence along entry drive to parking lot.
- Community Park – backstops and dugout fences, with sign surface facing away from the field of play.
- All other sign placement will be evaluated at time of request.

Signs or banners authorized to be placed on District property pursuant to this signage policy are to be installed and taken down by a League authorized representative or upon club representative's permission, the parks maintenance staff.

6.03.04 Duration. One-time or limited duration events – signs may be placed no sooner than two weeks before the first day of the event and must be removed no later than the second day after the last day of the event.

Athletic league sponsors – signs may be placed no sooner than one week before the first practice of the season and must be removed no later than one week after the last official game of the season.

If any signage is left up past the specified duration, staff will attempt to contact the responsible party to have the signs removed. If the party cannot be reached or has not responded after one week, staff will carefully take down the signs and store them until the responsible party can be reached to pick them up.

6.03.05 Signage placed at own risk. All banners and signage are placed at the sole risk of the specific non-profit, civic organization or athletic league and SWPRD will not reimburse said organization for any damage to their signage nor any damage caused by their signage regardless of circumstances. All organizations applying for a signage permit will be required to sign documentation indemnifying SWPRD from any responsibility for the signage as part of the application for permit process prior to the placement of any signage.

6.04 Special Event Temporary Camping Policy

The following criteria must be met by the event organizer before a temporary camping request can be considered by the South Whidbey Parks & Recreation District Board of Commissioners:

6.04.01 Special Event associated. Temporary camping requests must be made in conjunction with a special event that is being held at SWPRD's Community Park.

a) "Special event" shall be defined as follows:

- Multiple (consecutive) day event.
- Designed to bring in large crowds of event-goers (1,000 or more daily).
- Examples of a special event include but are not limited to festivals and sports tournaments.
- Activities that will NOT be considered special events for the purposes of this policy include family picnics or reunions, one (1) day festivals, one (1) day sports tournaments.

6.04.02 Insurance Requirements. All organizations MUST PROVIDE, with their camping request, proof of insurance, including a letter of endorsement, which covers the full period of use (i.e. photocopy of insurance certificate). The insurance must provide minimum coverage of \$1,000,000, and must also name South Whidbey Parks & Recreation District as additionally insured.

6.04.03 Island County Special Event Application. An Island County Special Event Application must be submitted for review by the Island County Sheriff's Office. The Sheriff's Office will determine the number of on-site security officers needed on a case-by-case basis, taking into consideration the type of event, activities included and estimated crowd size. Event organizer shall incur the expense of on-site security, which must be arranged through the Island County Sheriff's Office. On-site security shall be scheduled for the entire duration of the camping request (including overnight). The event organizer

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must demonstrate (i.e., letter of confirmation from Island County Sheriff's Office) that on-site security arrangements have been made at the time of camping request.

6.04.04 Damage Deposit required. If approved, a damage deposit of \$500.00 shall be submitted to SWPRD at least 10 business days prior to the scheduled event. Any expenses incurred by the District, including labor, equipment, supplies, etc. as a result of event camping (i.e., repair of facility and/or property damages, litter clean-up) will be deducted from the deposit before a refund is issued to the event organizer. Refunds take up to 45 days for processing.

6.04.05 RV Camping only. Approved temporary camping shall be restricted to self-contained RV (recreational vehicle) camping. No tents or tent campers will be approved for camping. Use of trucks, SUV's, etc. for sleeping quarters will not be approved for camping.

6.04.06 Rules and Regulations. Water, sewer and electrical are not provided for any temporary camping areas.

Temporary camping shall be restricted to the upper parking lot and turn around areas of Community Park.

If approved, event organizers shall be responsible for managing all aspects of temporary camping including, but not limited to, reservations, handling of fees, directing traffic, enforcement of park rules, and clean-up.

Approved temporary camping vehicles shall be charged \$10.00 per night per vehicle. The collection of camping fees shall be handled by the event organizer. All revenue from camping fees shall be paid to SWPRD by the event organizer at the completion of the event.

Absolutely no campfires will be allowed in any area of the park, including the temporary camping areas.

NO ALCOHOLIC BEVERAGES OR CONTROLLED SUBSTANCES ARE PERMITTED in any area under the ownership, management, or control of South Whidbey Parks & Recreation District. Any person who fails to comply with the law may be subject to arrest and applicable fines. In addition, said person may be ejected from the park facility and barred from the use of any park facility in the future. The use or possession of any alcoholic beverage in connection with any event or other authorized use shall be sufficient cause for revoking the event request and the temporary camping request.

Sleeping capacity per recreational vehicle shall not exceed manufacturer's guidelines.

Event sponsor will be responsible for making arrangements for and providing adequate dumpsters to accommodate garbage generated from temporary camping and event.

6.05 Donation Program

The Donation program provides parameters for all donations of trees, benches, or other items for park properties. These include any commemorative or memorial donations.

6.05.01 New Donations. New donations are those accepted after the adoption of this resolution.

6.05.02 Donation Elements. The District has an interest in ensuring that park elements purchased and installed are high quality in relation to style, appearance, durability and ease of maintenance. District staff will be responsible for the purchase and installation of all park elements. **The Board of Commissioners will have the final approval of any donation that is to be placed inside of any District park or facility.**

District staff will maintain a list of available locations for potential donations and memorials. The list should prioritize locations that have been identified in existing parks master plans for additional amenities, but have not yet been funded.

6.05.03 Cost of Donation. The District has an interest in ensuring that the initial donor covers the full-cost for the purchase, installation, and maintenance during the expected life cycle of donated park elements.

The District also has an interest in ensuring that on-going maintenance costs do not negatively impact the resources available for maintenance of other District Facilities. Consequently the District will assess, at the time of purchase, a charge sufficient to cover anticipated on-going maintenance of donated park elements during their expected life expectancy.

The types of park elements which are donated to the District typically have a limited life span due to the nature of materials used and the effects of wear and tear from public use and exposure to the elements. For this reason, it is appropriate to limit acknowledgement of the initial donation to the expected life span of the improvement. Unless otherwise noted, acknowledgement of donations and memorials will be granted for **up to** ten years. If current information is on file, the initial donor will be informed and given the opportunity to fund the refurbishment of the original donation at the expiration of the initial ten year period **or when the elements are deemed in need of repair or replacement.**

The District shall not be held responsible for loss or damage of any kind to the donated item. Loss or damage to the donated item due to extreme weather or storms may be repaired by the District only if the donor who shall, at his/her option, submit a new application, including all applicable fees, for the replacement of the donated item, except that the District will not require additional fees for the installation, administration and general maintenance for the remainder of the original 10 year contract.

6.05.04 Donation of Art/Monuments. Proposals for permanent monuments, public art or sculptures should represent community values and be mindful of future generations. All existing art donated to the District must be accompanied by an appraisal and documentation about the artist and the work, including provenance.

The Park District Board of Commissioners will approve guidelines and procedures for accepting public art and monuments. These guidelines should incorporate criteria that allow for consistent evaluation of proposals and which consider subjects such as artistic merit, appropriate location, existing master plans, quality, scale, and character of the art.

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6.05.05 Existing Donations/Memorials. For the purpose of this policy, existing donations and memorials are those which were installed prior to the adoption of this policy.

Many donations and memorials have been accepted without anticipating the life-cycle maintenance costs and without informing the donors that their acknowledgement might become time limited. In the interest of fairness to donors and respect for their donations and memorials, existing acknowledgements will remain in place until the donation or memorial is damaged or replaced. If current information is on file, the initial donor will be informed and given the opportunity to fund the refurbishment of the original donation.

The District and the community have an interest in ensuring that existing park elements be restored and refurbished, in addition to providing for the installation of new amenities. District staff will provide the opportunity for donations and memorials to fund the refurbishment of existing park elements at a lower cost than the installation of new elements.

(Chapter 6 in general approved via Resolution 2015-03 on April 15, 2015)